

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3571-01
Bill No.: SJR 21
Subject: Constitutional Amendments; Appropriations
Type: Original
Date: February 9, 2010

Bill Summary: This proposal creates the Missouri Savings Account in the Constitution.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0 or (More than \$7,000,000)	\$0 or (\$130,000,000 to Unknown)	\$0 or (\$130,000,000 to Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,000,000)	\$0 or (\$130,000,000 to Unknown)	\$0 or (\$130,000,000 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Missouri Savings Account	\$0	\$0 or \$130,000,000 to Unknown	\$0 or \$130,000,000 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or \$130,000,000 to Unknown	\$0 or \$130,000,000 to Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer, Missouri House of Representatives, Office of Administration - Division of Accounting, Missouri Senate** and the **Office of the Governor** each assume no fiscal impact from this proposal to their respective agencies.

In response to a similar proposal from 2009 (SJR 1), officials from the **Office of Administration - Division of Budget and Planning (BAP)** estimated what would have happened in this fund if this proposal would have been adopted prior to 2002. The following amounts would have been withheld from General Revenue and placed in this new Missouri Savings Account Fund (MSAF).

FY 2002 = \$158,969,307
FY 2003 = \$156,897,652
FY 2004 = \$132,539,854
FY 2005 = \$140,312,817
FY 2006 = \$140,282,738
FY 2007 = \$152,346,962
FY 2008 = \$161,965,960

This proposal allows two different provisions in which the money could be withdrawn from the MSAF and used for appropriation. The first is based on the net general revenue collections. Based on the above projections only in FY 2003 could money have been removed from MSAF. The second provision allows MSAF withdraws when the Governor withholds money from the agencies below their appropriations. In FY 2002, FY 2003 and FY 2004 the Governor withheld money from state agencies. However, before each of those fiscal years was over the money that was withheld was released.

Oversight assumes this proposal is a constitutional amendment and will not have an effect on the state unless the amendment passes. However, Oversight assumes that if this proposal is passed, then \$130,000,000 to Unknown would be transferred each year from General Revenue to the MSAF. Oversight has shown the loss to General Revenue and gain to the MSAF beginning in FY 2012 per the proposal.

ASSUMPTION (continued)

Officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, Joint Resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article I, Section 26, 27, 28 of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2009, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$1.35 million to publish (an average of \$270,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2011. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2010 (FY 2011). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2011.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, **Oversight** requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by

ASSUMPTION (continued)

the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2011 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November, 2010 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2010.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Expense</u> - reimbursement of local political subdivisions for special election costs	\$0 or (More than \$7,000,000)	\$0	\$0
<u>Transfer Out</u> - to Missouri Savings Account Fund - 2% of General Revenue appropriations	\$0	\$0 or (\$130,000,000 to Unknown)	\$0 or (\$130,000,000 to Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than \$7,000,000)	<u>\$0 or (\$130,000,000 to Unknown)</u>	<u>\$0 or (\$130,000,000 to Unknown)</u>

MISSOURI SAVINGS ACCOUNT

<u>Transfer In</u> - from General Revenue - 2% of General Revenue Appropriations	\$0	\$0 or \$130,000,000 to Unknown	\$0 or \$130,000,000 to Unknown
ESTIMATED NET EFFECT TO THE MISSOURI SAVINGS ACCOUNT	\$0	<u>\$0 or \$130,000,000 to Unknown</u>	<u>\$0 or \$130,000,000 to Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - cost for special election	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

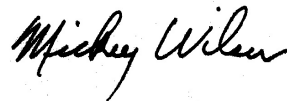
This constitutional amendment, if approved by voters, would create the Missouri Savings Account. The account will be comprised of funds deposited annually at a rate of 2% of the general revenue appropriations for that year. If general revenue collections do not increase by 3% or more by the end of a fiscal year, the monies deposited in the fund that year shall lapse and be used for the next year's expenditures.

In any year in which there is a budget shortfall or when the consensus revenue estimate forecasts a decrease in revenue for the upcoming year, the general assembly may utilize 1/3 of the monies in the fund for budgetary purposes. If the balance in the account reaches 1/3 of general revenue collections for any fiscal year, the excess shall lapse to general revenue.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of the State Treasurer
Office of the Governor
Office of Administration
Missouri House of Representatives
Missouri Senate

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 9, 2010